

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/101 W

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R 181639Z FEB 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 9105
INFO USDEL MTN GENEVA
AMEMBASSY BONN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE

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E. O. 11652: N/A
TAGS: ETRD, MTN, BE
SUBJECT: MTN TARIFF NEGOTIATIONS

REF: 76 STATE 264214

1. BELGIANS ARE PREOCCUPIED WITH OTHER PRESSING PROBLEMS
AND FOR THE TIME BEING ARE RELATIVELY UNINTERESTED IN MTN
ISSUES. THEY HAVE NOT YET FOCUSED ON WHAT U.S. TARIFFS
THEY WOULD LIKE TO SEE REDUCED. WE DOUBT THEY WILL UNTIL
THE NEGOTIATIONS ARE FURTHER ALONG.

2. THE BELGIANS HAVE TOLD US ON SEVERAL DIFFERENT OCCA-P
SIONS THAT IT WOULD BE UNWISE FOR THE U.S. TO PUSH THE
TRADE NEGOTIATIONS UNTIL THE GENERAL ECONOMIC SITUATION
IS CONSIDERABLY BETTER. OTHERWISE, THE REDUCTION OF TRADE
BARRIERS WOULD BE SMALL AND THE EXCEPTIONS MANY.

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3. THE BELGIANS ARE LIKELY TO OPPOSE ACROSS-THE-BOARD
ELIMINATION OF TARIFFS BELOW 5 PERCENT. IMPORTANT EXPORT
INDUSTRIES INVOLVE TRANSFORMATION OF IMPORTED RAW MATERIALS
INTO SEMI-PROCESSED AND FINISHED GOODS. THE BELGIANS FEAR
THAT IF DUTIES WERE ELIMINATED ALTOGETHER ON THESE ITEMS
IT WOULD ENCOURAGE INVESTMENT IN PRIMARY PRODUCER COUNTRIES,

ESPECIALLY LDCS, TO DEVELOP THEIR OWN MANUFACTURING CAPACITY, ULTIMATELY BEPASSING THE BELGIAN INDUSTRIAL ESTABLISHMENT. (SO MUCH FOR THE VALUE OF THE COMMUNITY'S GENERALIZED PREFERENCES.)

4. WITHOUT APPROACHING BELGIAN GOVERNMENT AND INDUSTRY REPRESENTATIVES, WE CANNOT POINT OUT CONFIDENTLY PARTICULAR TSUS LINES WHERE A U.S. TARIFF REDUCTION MIGHT BRING SIGNIFICANT EXPORT POSSIBILITIES FOR BELGIAN MANUFACTURERS. HOWEVER, THE BELGIANS MAY BE INTERESTED IN REDUCING U.S. TARIFFS ON THE FOLLOWING ITEMS:

-- BELGIUM RETAINS A LARGE SHARE OF THE U.S. MARKET FOR CARPETS AND CARPET FABRIC DESPITE HIGH U.S. TARIFFS. REDUCTIONS IN TSUS 346.60 - PILE FABRICS OF MAN-MADE FIBERS, 360.25 - FLOOR COVERINGS, MACHINE-MADE, IMITATION ORIENTAL, AND 360.46 - WILTON AND VELVET FLOOR COVERINGS--OR RELATED LINES--PROBABLY WOULD BE OF INTEREST TO THE BELGIANS.

-- ORGANIC CHEMICALS ARE GROWING IN IMPORTANCE TO THE BELGIAN ECONOMY. TSUS LINES 403.70 - CAPROLACTAM MONOMER, 425.36 - THIOUREA, AND 428.34 - ETHYLENE GLYCOL ARE ALREADY IMPORTANT BELGIAN EXPORT ITEMS TO THE U.S. THE BELGIANS MIGHT CALCULATE THAT THEY COULD EXPAND THEIR EXPORTS OF THESE OR OTHER ORGANIC CHEMICALS, SUCH AS TSUS 405.25 - PLASTIC MATERIALS, IF U.S. TARIFFS WERE REDUCED.

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-- EXPORTS OF CERTAIN TYPES OF MACHINERY MIGHT BE INCREASED IF U.S. TARIFFS WERE REDUCED; E.G., TSUS 664.05 - MECHANICAL SHOVELS, ETC., 674.35 - METALWORKING MACHINE TOOLS.

-- BELGIAN STEELMAKERS ARE BEGINNING TO SHIFT PRODUCTION FROM BASIC STEEL PRODUCTS TO MORE HIGHLY ELABORATED PRODUCTS, AND THIS TREND MAY LEAD TO INTEREST IN SUCH TSUS HEADINGS AS 640. - METALLIC CONTAINERS, 642. - WIRE CORDAGE, ETC., AND 652.-658. - MISCELLANEOUS METAL PRODUCTS AND METAL PRODUCTS NOT SPECIALLY PROVIDED FOR.

5. IN THE WAKE OF STRUCTURAL DIFFICULTIES IN STEEL, TEXTILES, ANF GLASS, BELGIANS ARE BEGINNING TO TALK ABOUT THE NEED FOR A NEW INDUSTRIAL POLICY. THERE ARE SIGNS THAT THE BELGIANS WILL STEP UP ENCOURAGEMENT OF INVESTMENT IN HIGH TECHNOLOGY INDUSTRIES. IF SO, THE BELGIAN INTEREST WILL INTENSIFY IN REDUCING U.S. TARIFFS ON THESE PRODUCTS.RENNER

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